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C O N F I D E N T I A L SECTION 01 OF 02 BUDAPEST 001902

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DEPARTMENT PLEASE PASS TO NSC - DAMON WILSON

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TAGS: PGOV KDEM HU

SUBJECT: PM GYURCSANY ON CONTINUING PROTESTS

REF: BUDAPEST 1886

Classified By: POL/C ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Summary: Anti-government demonstrations continued in Budapest and elsewhere in Hungary September 19 - 20, with crowds estimated in excess of 10,000 gathering around parliament and isolated incidents of violence - driven by small numbers of vandals - occurring at sites including MSZP party headquarters. Addressing the diplomatic community September 20, a composed PM Gyurcsany reaffirmed his commitment to reform, identified a small minority as responsible for the violence, underscored his belief that the governing coalition will do well in the upcoming elections, and expressed confidence that the authorities will bring the situation under control before the 50th anniversary celebrations. END SUMMARY

¶2. (SBU) Demonstrations against the Gyurcsany government continued September 19 - 20, with a small group outside Parliament growing to an estimated 10,000 - 20,000 in the evening. Isolated violence was reported at sites including MSZP party headquarters, where a crowd of several hundred clashed with police, but the authorities appear to have been both better prepared and more proactive than the night before. 50 - 60 demonstrators and 20 police officers were reported injured.

¶3. (SBU) Although the opposition continues to call for Gyurcsany's resignation, all five major parties did agree to a virtually unanimous parliamentary statement condemning the violence September 19, although FIDESZ continues to refer to the upcoming local elections as a referendum "between honesty and lies." President Solyom has joined with PM Gyurcsany and Parliament Speaker Szili in characterizing the violence as "criminal."

¶4. (SBU) To date, the demonstrations have grown dramatically from small vigils in the daylight to larger, diverse, and generally orderly gatherings in the early evening. The crowds have changed drastically in the late evening, however, as families leave and skinheads and soccer hooligans arrive - with ample alcohol on (and in) them.

¶5. (C) In a somber but confident address to resident ambassadors September 20, PM Gyurcsany emphasized his commitment to continuing fundamental reforms, identified a small number of individuals as the driving force behind the violence, and expressed confidence that the government would do well in the local elections October 1 and restore Hungary's "normal face" before the 50th anniversary celebrations October 23.

¶6. (C) Placing the comments on the "Gyurcsany tape" in context, the PM referred to the "deep political schism" that had tempted all parties with the "urge of social irresponsibility" and placed victory above morality. He

stated that his "dramatic monologue" to an MSZP party meeting soon after its victory in the April elections had been intended to underscore the necessity of using the government's electoral mandate to move beyond the "unsustainable" and "irresponsible" policies of the past. He believes his remarks unified the governing coalition, and underscored his "firm intention" to carry on with both the convergence plan and with broader institutional reforms. He has no intention of "abdinating," and believes the MSZP is united behind him "without secrets or factions." (Comment: Based on our contacts with others in the party, the latter claim may be more a statement of aspiration than of fact. End Comment) Turning to the local elections, Gyurcsany predicted a strong showing by the coalition in Budapest and in urban areas throughout the country, but made clear that he will move forward "even if there is a landslide against me," reaching out to "local officials regardless of party" but without compromising on the government's composition or its policies. He cited Debrecen Mayor Lajos Kosa, with whom Ambassador Foley met September 19, for his public pledge to "protect the MSZP headquarters with my own body if necessary," as an example of an opposition figure with whom the government could work constructively.

¶7. (C) The Prime Minister acknowledged conjecture regarding FIDESZ's role in the release of the tape but is focused on solving problems rather than pursuing "the unknowable." Doing so will require political will and police work. He credited the police with standing up to "very substantial street conflicts," driven by a hard core of "50 - 300 soccer hooligans, paid enforcers, and riot activists" who had "no political objective." He made clear that he has no interest in seeing the present atmosphere continue. He believes this will require "a matter of weeks," admitting the damage done

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to his own credibility and expressing regret regarding the damage the violence had done to Hungary's image.

¶8. (C) Responding to questions, Gyurcsany referred to September 23 FIDESZ rally as an initiative the majority of the party opposed but on which Orban himself had insisted. Citing ongoing contacts with the opposition, he reiterated his willingness to talk to "those interested in restoring order." He also warned of the "overlap of the mainstream and the extreme right" in Hungary and elsewhere in the region, commenting that "the moderates do not pacify the extremists; the extremists infect the moderates." He believes the situation will return to normal before the 50th anniversary celebrations, commenting that "not even I would accuse the opposition" of "soiling the memory of the revolution" with "violence in the streets." He also conveyed his apologies for the defacement of the Soviet WW II memorial in Szabadsag Ter, emphasizing Hungary's respect for the "pride of all nations."

¶9. (C) Asked about next steps regarding the convergence plan, Gyurcsany explained that he had resolved not to wait until after the local elections to move forward because "it is better to swallow a bitter pill immediately - especially if you are sick." The budget deficit is "unacceptable in every respect," and "past practice - not our policy" was "unnatural." After "16 years without a single reform," Hungary must address its problems through short-term adjustments and long-term reforms. The people must realize that "freedom comes with responsibility, and that the government will no longer "shield the people from competition and reform" but will exorcise the "ghosts of Kadarism."

¶10. (C) In conclusion, Gyurcsany appealed to the diplomatic community to "help my government and help me personally" by putting his comments in context. He also asked that embassies inform their governments that his government will do everything in its power to return to "normal life." They are exerting a "strong effort" to "control the situation" and will restore Hungary's "traditional face" before the 50th

anniversary. He encouraged the diplomatic community to come to the government "anytime" with questions and concerns.

¶11. (C) Comment: Thoughtful but resolute, Gyurcsany was very much in command of the facts and of the situation. His comments to the diplomatic community reflect a leader who has considered the political, economic, and moral aspects of the issue ... and emerged convinced that his course of action is both right and worth defending. End Comment.

FOLEY